

IDEA Federal Special Education
Funding and Maintenance of Effort

Director's Institute 2016

Connie Hill
Finance Director
Exceptional Student Services

Purpose of IDEA Funds

- To assist local/public education agencies (LEA/PEAs) in assuring that all children with disabilities, ages 3–21, have available a free appropriate public education (FAPE) that emphasizes special education and related services designed to meet their unique needs.
- A LEA/PEA may use the funds under Part B for the **excess costs** of providing special education and related services.

IDEA Entitlement Allocations

Allocations to LEA/PEAs are calculated using three different components.

1. Base Allocation – Special education count as of December 1998. (Adjustments to this count are made when a new or expanding charter submits a Charter School Expansion Act application. In the application, a charter reports where the student last attended school. Adjustment is made the following school year by adding the student to the charter base count and removing the student from the LEA/PEA from which the student withdrew.)

2. Enrollment – This is the most recent October 1st enrollment reported to ADE.

For districts, the number of parentally placed private school and home schooled students in your district boundary reported in the October “special education census” are added to your October enrollment. Districts are required to spend a proportionate share of their IDEA funds on any of these students that are found eligible for special education services.

3. Poverty – This is the most recent October 1st enrollment information of students eligible for free or reduced price lunch (NCLB indicators 1 and 2).

The accuracy of your student data is vital as it pertains to IDEA funding. If your student data is not accurate, this will affect multiple federal program allocations. It is your responsibility to correct any errors no later than February since allocation processes begin as soon as March for the upcoming year.

IDEA Entitlement Applications Available

- 2017 IDEA Basic Entitlement
Grant period 7/1/16–6/30/17
- 2017 IDEA Preschool Entitlement (administered by the
ADE Early Childhood division)
Grant period 7/1/16–6/30/17

Proportionate Share

For school districts only:

- Districts must provide a proportionate share of funding for services to children with disabilities in home schools and placed by parents in private schools. Expenditures for these services must be accounted for in preparing your IDEA Basic Entitlement application budget and identified in the budget line item description area.
- A guidance document is provided as an application download on the ADE Connect Grants website in the document library.
- For audit purposes, it is beneficial to create an accounting mechanism within the agency to clearly and accurately account for these expenditures.
- The year end completion report for IDEA Basic must include these costs as well.

Excess Cost Requirement

- IDEA regulations require IDEA funds be used for the **excess cost** of providing special education.
 - costs over and above state and local SPED expenditures
 - determined using the LEA/PEA average per pupil expenditure (PPE) for all children during the preceding fiscal year
- Agencies must spend a minimum amount for education of its children with disabilities before Part B funds are used.
- Children served with Part B funds must have **at least** the same average amount spent on them from sources other than Part B as do children in the LEA/PEA as a whole.

Excess Cost *(continued)*

To ensure compliance with the excess-cost requirement, use the following process:

- To determine the per pupil expenditure (PPE), use the FY16 final revised/approved budget. Add the regular education and transportation amounts from page 1.
- Divide the total by your ADM from the most recent ADMS 40-2. This amount is your PPE (per pupil expenditure).
- Multiply the PPE by the number of SPED students identified in the most recent SPED 28. This is the minimum amount of state and local funds that must be budgeted in your FY17 M & O budget (special education section).
- The M & O special education budget amount must be identified in your IDEA Basic Entitlement application narrative.

Excess Cost *(continued)*

- If your most recent adopted budget does not reflect this amount, it must be revised prior to the May 15 final budget revision date.

Example:

- Regular Education + Transportation = $\frac{\$10,000}{100} = \text{PPE}$
- ADMS 40-2 is 100
- SPED 28 is 10 $\times 10$
- Minimum state and local SPED budget per special education student = \$ 1,000

Maintenance of Effort (MOE) testing 2017

- Maintenance of Effort is the review of SPED budget and expenditure amounts from State and Local funds to ensure that services are maintained at the previous year's level of expenditures.
- At the state level IDEA Part B prohibits a state from reducing state financial support for special education below the amount of that support for the preceding fiscal year. (34 CFR §300.163);

Maintenance of Effort *(continued)*

- For FY2017:
- Eligibility standard: comparing FY17 budget to FY15 expenditures
- Compliance standard: comparing FY16 expenditures to FY15 expenditures as well as to the FY17 budget.
- The ADE ESS and IT divisions have developed a Maintenance of Effort database to streamline this process of testing for MOE. We will be presenting a separate presentation today (if time permits) to describe this database and how you can gain access to it through ADEConnect.
- You will receive a letter from ESS if we find a potential MOE issue. You must respond within the given timeline in order to be compliant. All required worksheets must be included in your response. A late response will negatively affect your LEA/PEA determination.

Maintenance of Effort *(continued)*

There are legitimate reasons for a reduction to the M & O special education budget , which include:

- Decreases in enrollment of children with disabilities;
- Termination of costly expenditures for long-term purchases, such as the acquisition of equipment and the construction of school facilities;
- Replacement of personnel with qualified, lower-salaried personnel;
- Termination of the obligation to provide a program of special education to a particular child with a disability who is in an exceptionally costly program; or
- Assumption of cost by the high-cost fund operated by ADE.
- Allowable reduction of MOE by up to 50% of the increase in IDEA funding.

What happens if our school fails to meet MOE requirements?

Failure to meet MOE requirements may result in:

- The LEA/PEA losing eligibility to receive IDEA entitlement funding or funding being withheld until the MOE situation is resolved
- Programmatic holds on all ESS IDEA Grants until MOE resolved
- Requiring the LEA/PEA to repay funds to the SEA, using a non-federal source, who then returns the funds to the US Department of Education

MOE level in the year after failing MOE and returning funds to the ADE

- The level of effort an LEA/PEA must meet under section 613(a)(2)(A)(iii) of the IDEA, in the year after it fails to maintain effort is the level of effort that would have been required in the absence of that failure and not the LEA/PEA's reduced level of expenditures.
- Pub. L. No. 113-76, 128 Stat. 5, 394 (2014)

Coordinated Early Intervening Services (CEIS)

- A LEA/PEA may use up to 15% of its total IDEA Part B and Preschool allocations for coordinated early intervening services (CEIS) for children in grades K–12 who are not currently identified as children with disabilities, but who need additional academic and behavioral support to succeed in a general education environment.
- OSEP guidance on the appropriate use of IDEA funds for CEIS can be found as a separate application download on the Grants Management homepage under the document library link for IDEA Basic Entitlement.
- If this election is made within your application, you must identify the types of services to be provided and the dollar amounts related to those activities in your budget line item descriptions.
- Within the completion report, you are required to report the types of services provided and the number of students served under each activity. You must also track, for two years, each of the students served in order to identify in future completion reports whether any of these students ultimately are identified as special education eligible.

Suggested Uses of Funds

- You may use the entitlement funds in any or all of the priority areas that will assist your LEA/PEA to increase the level, intensity, and quality of services for children with disabilities.
- Activities to correct deficiencies identified in monitoring for compliance with IDEA and its regulations, audit findings, or self-identified issues
 - Assistive technology devices and services
 - Comprehensive System of Personnel Development (CSPD) training
 - Services identified in student IEPs
 - Least restrictive environment (LRE) option expansion
 - Program improvement efforts
 - Transition
 - Initiatives to ensure addressing Arizona College and Career Ready Standards for students with disabilities

Completion Report Components

- The completion report is used to identify your actual expenditures as they relate to your most recent budget for the grant.
- For IDEA Basic Entitlement, your carryover amounts are generally determined based on the budget balance shown.
- Amounts spent for CEIS, the number of students served in the current year, and results for prior year use of funds for CEIS are reported annually to ADE using this completion report; the data are then reported to the USDOE.
- The detailed expenditure reporting page must be filled out for ADE/ESS to collect information on the use of IDEA funds for CEIS and proportionate share expenditures (districts).
- This completion report is also used to determine whether ADE needs to release additional funds to cover your actual costs reported. Any negative balance generally occurs because the your payment requests did not request funds to cover all anticipated June costs.

Other IDEA Funds Available

- Capacity Building grants
(check fund alerts beginning January of each year)
- Emergency grants
(unexpected situations for which you could not budget/plan for)
- High Cost Child grants
(unexpected student whose education costs are three times the average)
- Charter School Expansion Act
(new or expanding charter schools servings students with disabilities)

** If time allows, a brief overview of the ESS Maintenance of Effort system will be provided.
